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Proposed Attorneys for Home Loan Center, Inc.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re:

HOME LOAN CENTER, INC.,

Debtor.

Case No.: 19-51455

Chapter 11

DEBTOR' STATEMENT RE: VENUE

[No hearing required]

Judge: Hon. Elaine M. Hammond

Debtor and debtor in possession Home Loan Center, Inc. ("HLC" or the "Debtor"), hereby provides the following statement regarding the venue of its chapter 11 bankruptcy case as appropriately filed in the United States Bankruptcy Court for the Northern District of California:

A. The Chapter 11 Filing

The Debtor commenced this chapter 11 case by filing a voluntary petition under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code"), on July 21, 2019. The Debtor remains in possession of its property and continues to manage its business as debtor in possession. No trustee has been appointed. The Office of the United States Trustee has not yet appointed an official committee of unsecured creditors in the case.

1 **B. The Debtor's General Corporate Structure and Governance**

2 HLC was incorporated in September of 2000 under the name FreeApprovalFinder.com, Inc.¹
3 The Debtor changed its name to Home Loan Center, Inc., on March 8, 2002. The Debtor is a
4 California corporation.² A. Kyle Everett, a Senior Managing Director in the San Francisco office of
5 Development Specialists, Inc., is the sole director of HLC. Matthew English, a Senior Managing
6 Director at Arch & Beam Global, LLC, in Walnut Creek, California, is HLC's Chief Restructuring
7 Officer. On July 21, 2019, the Debtor filed an *Application for Order Approving Designation of*
8 *Matthew English as Responsible Individual Pursuant to Bankruptcy Local Rule 4002-1*. The
9 Debtor's current mailing address is a mailbox utilized by the Debtor's CRO/Responsible Individual
10 in San Mateo, California. As discussed below, the Debtor is not currently operating and substantially
11 all of its books and records are under the control of Mr. English, who is located in the Northern
12 District of California. The Debtor's current connections to North Carolina are that it is the state
13 where the Debtor's ultimate parent company, LendingTree, Inc., is headquartered, and some past
14 business records are held there.

15 **C. The Debtor's Previous Operations**

16 Prior to the sale of substantially all of its operating assets in 2012, as described in more detail
17 below, HLC originated and processed consumer mortgage loans, which it sold in the secondary
18 market. Prior to the cessation of its operations, HLC originated approximately 234,000 loans with an
19 original issue balance of \$38.9 billion.

20 **D. The Sale to Discover Bank**

21 On May 12, 2011, HLC entered into an asset purchase agreement with Discover Bank
22 pursuant to which HLC sold substantially all of its operating assets to Discover Bank for
23 approximately \$55.9 million. The sale closed on June 6, 2012. Since that time, HLC has been
24 winding down its operations and financial affairs and addressing claims and litigation arising out of
25 its prior operations. The Debtor's previous place of business, when it was operating and originating
26 loans, was in California. The Debtor's current assets consist of cash and litigation claims. The

27 ¹ See Articles of Incorporation filed September 5, 2000 with the Office of the California Secretary of State as Document
28 No 2259958.

² See Amended and Restated Articles of Incorporation filed March 15, 2002 with the Office of the California Secretary
of State as Document No A0578311.

Debtor has no employees and its management consists solely of Mr. English and Mr. Everett, both of whom are located in the Northern District of California. Debtor's counsel maintains offices in the Northern District of California as well. Lastly, to the best of the Debtor's knowledge, none of the Debtor's 20 largest unsecured creditors are located in North Carolina.

II.

ARGUMENT

A. A Corporation May File Where it is "Domiciled"

A corporation may file a chapter 11 case in the district court for the district in which it is "domiciled" or in the district in which it has its principal place of business. 28 U.S.C. § 1408.³ A corporation is domiciled in its state of incorporation for the purpose of 28 U.S.C. § 1408. *See e.g., In re ERG Intermediate Holdings, LLC*, 2015 Bankr. LEXIS 3639, *11 (Bankr. N.D. Tex. Oct. 26, 2015); *In re Silicon Valley Innovation Co.*, 2012 Bankr. LEXIS 4034, *8 (Bankr. N.D. Cal. Aug. 30, 2012) (a corporation formed in Delaware is "domiciled" in Delaware for purpose of venue); *In re Dunmore Homes, Inc.*, 380 B.R. 663, 670 (Bankr. S.D.N.Y. 2008) (holding that because the debtor was incorporated in New York, it was considered domiciled in that state); *In re B.L. of Miami, Inc.*, 294 B.R. 325, 328 (Bankr. D. Nev. 2003) ("Since Debtor is incorporated here in Nevada, the District of Nevada may be considered Debtor's domicile and venue is thus proper under § 1408(1)."); *In re Segno Communs., Inc.*, 264 B.R. 501, 506 (Bankr. N.D. Ill. 2001) ("To determine the domicile of a corporation we look to the state of its incorporation.").

The Debtor is a California corporation. Accordingly, it is "domiciled" and may commence a bankruptcy case in California.

³ 28 U.S.C. § 1408 (entitled "Venue of cases under title 11") states that a bankruptcy case may be filed:

- (1) in which the domicile, residence, principal place of business in the United States, or principal assets in the United States, of the person or entity that is the subject of such case have been located for the one hundred and eighty days immediately preceding such commencement, or for a longer portion of such one-hundred-and-eighty-day period than the domicile, residence, or principal place of business, in the United States, or principal assets in the United States, of such person were located in any other district; or
- (2) in which there is pending a case under title 11 concerning such person's affiliate, general partner, or partnership.

B. The Debtor May Commence its Bankruptcy Case in the Northern District of California

California has multiple judicial districts, and the bankruptcy venue statute (28 U.S.C. § 1408) is silent on the question of which judicial district is proper. One bankruptcy court has held, however, that when a debtor is incorporated in a state with multiple districts, venue is proper in any district within the state. *In re ERG Intermediate Holdings, LLC*, 2015 Bankr. LEXIS 3639, *11 (Bankr. N.D. Tex. Oct. 26, 2015) (“For entities incorporated in states with multiple Districts, the Court sees no basis for finding the entity to be domiciled in one District but not the others. . .”).

Maintaining the Debtor’s bankruptcy case in the Northern District of California will facilitate the administration of the case. The Debtor’s management, current books and records and counsel are all located in California. Other than its nominal business address, a vestige from when the Debtor was managed from North Carolina, and the fact that the Debtor’s parent company operates in North Carolina, there is no significant connection between the Debtor and North Carolina.

III.

CONCLUSION

For the reasons set forth above, HLC respectfully requests that the Court determine that the venue of its bankruptcy case is appropriate in this district.

Dated: July 22, 2019

By: /s/ Malhar S. Pagay
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